

In the Matter of:)
)
Application for Certification) Docket No.
for Small Power Plant Exemption) 04-SPPE-01
Riverside Energy Resource Center)
)

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS

Jackalyne Pfannenstiel, Presiding Member

John L. Geesman, Associate Member

HEARING OFFICER and ADVISERS PRESENT

Gary D. Fay, Hearing Officer

Barbara Byron, Adviser

STAFF and CONSULTANTS PRESENT

James W. Reede, Jr., Project Manager

Lisa DeCarlo, Staff Counsel

Eileen Allen

Demetrio Bucaneg

Will Walters

PUBLIC ADVISER

J. Mike Monasmith

Nicholas O. Bartsch

APPLICANT

Allan J. Thompson, Attorney

Robert B. Gill, Principal Electrical Engineer

Stephen H. Badgett, Assistant Director - Electric

Dan R. McCann, Power Scheduling/Operations Manager

Thomas P. Evans, Public Utilities Director

Lyle Hill, Transmission

Conrad Newberry, Public Utilities Board of
Directors

City of Riverside

Dave Tateosian, Project Manager

Kevin Lincoln

Power Engineers, Inc.

APPLICANT

Karl Lany
SCEC

Brian Arnold
Pat Maxon
SWCA Environmental Consultants

ALSO PRESENT

Bill Perez, Interpreter

Suma Peesapati, Attorney
Adams, Broadwell, Joseph & Cardozo
California Unions for Reliable Energy

Ken Coats
South Coast Air Quality Management District

Sheila Carpenter
Elliott Duchon, Superintendent
Robert Iverson
Jurupa Unified School District

Juan Zepeda

Debbi Huffman Guthrie
Roy O. Huffman Roof Company

Craig Lambdin
Executive Director, MFI Recovery Center
President, Arlington Division Riverside Chamber
of Commerce

Cindy Roth, President and CEO
Greater Riverside Chambers of Commerce

Jeff Kraus
Image Station

Norma Sarkin
Ehlers-Sarkin Properties, LLC

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P R O C E E D I N G S

3:00 p.m.

PRESIDING MEMBER PFANNENSTIEL: Good afternoon, I'd like to call the hearing to order. It's 3:00. This is the informational hearing for the Riverside Energy Resource Center, the small power plant exemption request.

I'm Jackie Pfannenstiel; I'm a Commissioner with the California Energy Commission. And I'll be the Presiding Member of the Energy Commission's Committee overseeing this request.

To my left is Commissioner Geesman, also a Member of the Committee. To my right is Gary Fay, who will be the Hearing Officer in this proceeding. And to Mr. Fay's right is Barbara Byron, who is my Adviser.

The purpose of this proceeding today is an informational proceeding. We're here to discuss the project that's being proposed. To describe to you the process that the Energy Commission will go through to arrive at a conclusion in this proceeding. And to identify for you opportunities for public input as we go forward with this process.

1 The process that we'll use will be
2 always open and completely open to you, the
3 public. There will be opportunities for the
4 public; we welcome public input. We'll come out
5 to you to seek the public input. Today we'll
6 spend time talking about how to do that.

7 We have, in this process, a goal of
8 completing our work in four months. That will
9 depend on the timeliness and the availability of
10 the data. We'll work with the parties, as we can,
11 to achieve that.

12 At the end of the process, since this is
13 an exemption, this is not a licensing process,
14 what we're seeking is the ability, as the Energy
15 Commission, and the Committee, the two
16 Commissioners who form this Committee, will then
17 make a recommendation to the full Commission to,
18 if there is an exemption, it will be to say that
19 the project offers no substantial impact on
20 environmental or energy resources. And therefore
21 the licensing would be done by local authorities.

22 What I'd like to do now is to turn the
23 proceeding over to Mr. Fay. He will describe the
24 process that will take it from here.

25 HEARING OFFICER FAY: Thank you,

1 Commissioner Pfannenstiel. Good afternoon. I
2 hope all of you were able to attend the site visit
3 that we had beginning at 2:00. At that time the
4 applicant's representatives took us around the
5 site; pointed out various features; where the
6 plant will be located on the property. And we saw
7 the one-time home, at least, of a burrowing owl
8 and other features that we'll be considering
9 during the course of the case. And maybe we'll
10 hear more about that today.

11 What I'd like to do first is just take
12 formal introductions. Commissioner Pfannenstiel
13 introduced the panel up here. I'd like the
14 applicant to introduce their people.

15 MR. GILL: My name is Bob Gill; I am the
16 Project Manager from the City. On my right is
17 Allan Thompson; he is our CEC counsel. On my left
18 is Dan McCann; he is the Power Resource Operations
19 Manager for the City. Dave Tateosian is next to
20 him; we have hired Power Engineers as our
21 engineers on the project. And Dave Tateosian is
22 the Project Manager from the Power Engineers.

23 We've got Mr. Steve Badgett, who is our
24 Assistant Director of Energy Delivery. And Mr.
25 Tom Evans, who is our Public Utilities Director.

1 The balance of the team, I'm going to let Dave go
2 ahead and introduce.

3 MR. TATEOSIAN: We've got Kevin Lincoln
4 with Power Engineers; Karl Lany with SCEC doing
5 air permitting. We've got Brian Arnold with SWCA
6 and doing environmental. And Pat Maxon also with
7 SWCA. And Lyle Hill with Riverside Public
8 Utilities working on the transmission aspects of
9 the project.

10 MR. GILL: And there's Conrad Newberry
11 who is from our Public Utilities Board. He's in
12 back there.

13 HEARING OFFICER FAY: Great, is that
14 everybody?

15 MR. GILL: That's everyone.

16 HEARING OFFICER FAY: Thank you. And
17 I'd like staff to introduce its team.

18 DR. REEDE: Good afternoon, Commissioner
19 Pfannenstiel and Hearing Officer Fay. My name is
20 Dr. James W. Reede, Jr. I'm the Energy Facility
21 Siting Project Manager assigned to this
22 proceeding.

23 I have to my left Staff Counsel, Ms.
24 Lisa DeCarlo. In the audience we also have Ms.
25 Eileen Allen, a Senior Planner in the areas of

1 land use, traffic and transportation. And
2 Demetrio Bucaneg, our Transmission System
3 Engineer. And we had a number of other staff
4 members here earlier for the data request
5 workshop. They've subsequently returned back to
6 the Commission.

7 HEARING OFFICER FAY: Thank you. And
8 for the Public Adviser's Office, Nick, would you
9 introduce your people.

10 MR. BARTSCH: I am Nick Bartsch.

11 DR. REEDE: You have to come up to a
12 microphone.

13 MR. BARTSCH: My name is Nick Bartsch.
14 I am, myself and my colleague, Mike Monasmith,
15 represent Margret Kim, the Public Adviser, here
16 today in this proceeding.

17 We are here to assist the public to get
18 information about the project and also assist the
19 general public to access this and subsequent
20 proceedings with any information, you know, how to
21 become part of the process.

22 We also wanted to tell you that we do
23 have a Spanish interpreter here today to assist
24 you if you need it. Would you please put your
25 hand up there.

1 HEARING OFFICER FAY: Welcome. Sorry,
2 what is your name?

3 MR. PEREZ: Bill Perez.

4 HEARING OFFICER FAY: Bill Perez; thank
5 you.

6 MR. BARTSCH: And then I have some blue
7 cards here which are for information. If you wish
8 to address this proceeding, if you would please
9 get a card from me and complete it so that we will
10 have a record of it. Thank you very much.

11 HEARING OFFICER FAY: Thanks, Nick. We
12 find that blue cards are a handy way, not only
13 does Nick get your email or your address and phone
14 number so he can provide you with information
15 about the project, but it allows us to get the
16 cards usually in the order that they were turned
17 in towards later in the hearing. And then we just
18 go through and we call on people. And that way we
19 don't leave anybody out. So if you're interested
20 in speaking to the Commissioners be sure to fill
21 out a blue card.

22 I also have to ask everybody in the
23 audience to please come up and take one of these
24 two mikes. There's one at the central table and
25 one by James. We have to get everything on mikes.

1 So unfortunately we can't have you just stand up
2 from your seat and speak out, because it won't be
3 picked up in the transcript. So when you do come
4 up if you would please state your name and spell
5 it, that will help James Ramos, our court
6 reporter, be sure to get it right in the
7 transcript.

8 Now I'd like to ask if there's any
9 intervenors or parties represented that have
10 applied for intervenor status in the audience.
11 Yes.

12 MS. PEESAPATI: My name is Suma
13 Peesapati from the lawfirm of Adams, Broadwell,
14 Joseph and Cardozo. And we have filed a petition
15 to intervene on behalf of the California Unions
16 for Reliable Energy.

17 HEARING OFFICER FAY: Could you spell
18 your name, please.

19 (Parties speaking simultaneously.)

20 MS. PEESAPATI: All right. My name is
21 Suma Peesapati. I'm from the lawfirm of Adams,
22 Broadwell, Joseph and Cardozo. I'm here on behalf
23 of the California Unions for Reliable Energy. And
24 we filed a petition to intervene, I believe it was
25 last Monday.

1 HEARING OFFICER FAY: Just by way of
2 explanation, anybody that wants to be a formal
3 party in this case and have the same status as the
4 applicant and the staff can file a petition to
5 intervene in the case, as CURE has done. And the
6 Committee is considering CURE's petition to
7 intervene, and we'll probably hear a little more
8 discussion about that later.

9 And I will talk a little bit more about
10 party status. But if you're interested in
11 participating in the case at that level, then you
12 should talk to the Public Adviser's
13 representatives. They can help you do that.

14 Okay. Any other intervenors or parties
15 that plan to intervene or public agency
16 representatives, other than the City? School
17 District representatives? Yes. Could you come
18 up, please, and speak into the mike.

19 MS. CARPENTER: I'm Sheila Carpenter.
20 I'm with the Jurupa Unified School District.

21 HEARING OFFICER FAY: And, excuse me,
22 Ms. Carpenter, could you come back up. And what
23 is your interest, what is the School District's
24 interest in the project.

25 MS. CARPENTER: The protection of the

1 students within the Jurupa Unified School
2 District.

3 HEARING OFFICER FAY: Okay. And where
4 is their closest facility?

5 MS. CARPENTER: That would probably be
6 within about a mile. Is that right? Peralta.

7 HEARING OFFICER FAY: Okay, thank you.
8 Two schools somebody said. All right.

9 Okay, if you'll bear with me I'm just
10 going to go through some background information
11 that may help you understand our process.
12 Commissioner Pfannenstiel has mentioned some of
13 the features.

14 This is the first event in a series of
15 events. And notice of today's hearing was sent to
16 all parties in the case, adjoining landowners,
17 interested governmental agencies and other
18 individuals on May 11th of this year. In
19 addition, notice of today's events was published
20 in the local newspaper. And I believe the Public
21 Adviser's Office did additional separate outreach
22 work to get the word out.

23 Documents pertinent to today's hearing
24 include the staff's issues identification report;
25 copies of which are on the table outside the door.

1 As well as the proposed schedule filed by the
2 staff.

3 Did the applicant file a proposed
4 schedule?

5 MR. THOMPSON: We did not.

6 HEARING OFFICER FAY: Okay. The purpose
7 of the hearing today is to provide a public forum
8 to discuss the proposed project; to describe the
9 Energy Commission's exemption process; and to
10 identify the opportunities for public
11 participation in the process.

12 As I noted, we just finished our site
13 visit to the site that's adjacent to his hall.
14 Today's events are the first in a series of
15 Commission-sponsored events which will extend over
16 the next few months.

17 The Commissioners conducting the
18 proceeding will eventually issue a proposed
19 decision containing their recommendation on
20 whether the project should be exempted from the
21 state's normal power plant licensing process.

22 For this project to qualify, as the
23 Commissioner said, the Committee must find, and
24 eventually the Commission must find, that there
25 will be no substantial adverse impact upon the

1 environment or energy resources as a result of
2 construction and operation of the proposed
3 project.

4 In other words, in this small power
5 plant exemption process, or SPPE process, the
6 Commission does not decide whether to license the
7 project, but rather determines whether or under
8 what conditions to exempt the project. If an
9 exemption is granted, the applicant will need to
10 secure appropriate licenses and permits from
11 various local, state and federal agencies.

12 It is important to note that the
13 Committee's recommendations must, by law, be based
14 solely on the evidence contained in the public
15 record. And I will be talking a little bit later
16 about our ex parte rule, which basically says
17 there will be no communication with the Committee
18 except on the public record, in a hearing like
19 today, or in a letter you write or a filing that
20 you send to the Energy Commission that we would
21 file in the public docket. So that anybody,
22 whether a party or just a member of the public,
23 could go to that docket and review what
24 communication was sent to the Commission. But you
25 can't have any closed-door meetings with any of

1 the folks up here. Except James, our court
2 reporter.

3 (Laughter.)

4 HEARING OFFICER FAY: As valuable as he
5 is, he's not in the decision-making process.

6 During the course of today's hearing we
7 will proceed in the following manner. We'll start
8 with the Commission Staff for an overview of the
9 small power plant exemption process, and its role
10 in assessing the project.

11 And then if the Public Adviser wants to
12 go into any more depth -- they say no -- or if any
13 questions come up about the Public Adviser's role,
14 we can certainly address that.

15 Then we want the applicant to describe
16 the project and explain its plans for developing
17 the site.

18 And after these presentations other
19 parties, for instance CURE or the School District,
20 may want to ask questions or state any opening
21 position that they have. And then following the
22 presentations we'll turn to a discussion of
23 scheduling of events to get us through the next
24 few months.

25 The SPPE process incorporates the

1 equivalent of an initial study under the
2 California Environmental Quality Act, and examines
3 relevant engineering and environmental aspects of
4 the project.

5 In our process every meeting, workshop,
6 hearing or other event sponsored by the Commission
7 must be pursuant to a public notice. That is a
8 piece of paper we send out saying please take note
9 there will be a hearing at this time and place.
10 These meetings must all be open to the public and
11 must allow the public an opportunity to comment.
12 That goes for the workshops, like happened this
13 morning, too.

14 You will definitely have ample
15 opportunity to make your views known. And if you
16 wish to intervene, you can have additional rights.
17 But that also entails additional obligations. To
18 become an intervenor, as the Public Adviser's
19 Office can explain, you will also be subject to
20 orders by the Committee, and would prepare formal
21 testimony if you choose to offer testimony. But,
22 your participation as a party has to be pursuant
23 to the rules at the Energy Commission, as opposed
24 to someone just might walk in and make a comment
25 about their concerns.

1 Finally, you can expect that all
2 decisions made in this case, including whatever
3 the Committee's final recommendations are, will be
4 made solely on the basis of the public record. To
5 insure that this happens, and to preserve the
6 integrity of the Commission's process, Commission
7 regulations, and the California Administrative
8 Procedure Act, expressly prohibit off-the-record
9 contacts concerning substantive matters between
10 participants in the proceeding and the
11 Commissioners, Advisers, and/or the Hearing
12 Officer.

13 This is known as our ex parte rule. And
14 that means that all contacts between a party to
15 this proceeding and Commissioners Pfannenstiel and
16 Geesman, and their staffs, and myself concerning a
17 substantive matter must occur either in writing on
18 the record, or in a public hearing like this.

19 The purpose of the rule is to provide
20 full disclosure to all participants in the
21 process.

22 And now we'd like to get into the
23 presentations. And so if staff is ready, we'll
24 begin with you, Dr. Reede.

25 DR. REEDE: Thank you. Let me just

1 finish preparing the room.

2 (Pause.)

3 DR. REEDE: Good afternoon, ladies and
4 gentlemen. Again, my name is Dr. James Reede, and
5 this is the informational hearing staff
6 presentation for the small power plant exemption
7 application of the Riverside Public Utilities.

8 Energy Commission siting. The Energy
9 Commission has permitting authorities for all
10 thermal power plants 50 megawatts or greater. And
11 all the related facilities, including transmission
12 lines, water supply systems, natural gas
13 pipelines, waste disposal facilities and access
14 roads.

15 In a small power plant exemption the
16 Energy Commission, under the Warren Alquist Act,
17 may exempt thermal power plants from certification
18 process, standard application for certification
19 process if it finds that the project is number
20 one, less than 100 megawatts; that the project has
21 no unmitigated significant or adverse impacts on
22 the environment; and that the project has no
23 unmitigated adverse impacts on energy resources.

24 Now, in the small power plant exemption
25 process, the Energy Commission is the lead agency

1 under the California Environmental Quality Act.

2 And we'll prepare an initial study and a final
3 decision.

4 Now, the small power plant exemption
5 process is an exemption, not a permit or a license
6 to build the project. Riverside Energy Resource
7 Center will apply for the appropriate license and
8 permits from various local, state and federal
9 agencies, such as the South Coast Air Quality
10 Management District, Santa Ana Regional Water
11 Control Board, if necessary, the County of
12 Riverside Airport Land Use Commission, and any
13 other federal agency.

14 Those agencies will use the Energy
15 Commission's work product, our final CEQA document
16 when they issue their respective permits so that
17 there will not be a repeat of a full CEQA review.
18 Our CEQA review will be all encompassing.

19 The Energy Commission Staff, those
20 individuals that are my coworkers, will prepare an
21 initial study. And the basis for this study will
22 be the environmental checklist form from the
23 California Environmental Quality Act guidelines,
24 appendix G.

25 There will be a number of public

1 workshops and hearings, such as the data request
2 workshop that was this morning in which we asked
3 72 different questions of the applicant to fill in
4 data gaps in the initial application. And, of
5 course, the hearings which Hearing Officer Fay
6 spoke about.

7 Now, documenting these studies will be
8 first the draft initial study that we're proposing
9 to issue approximately July 9th. A final initial
10 study which will be approximately July 28th.
11 There will be hearings; and then there will be a
12 Presiding Member's Proposed Decision. And
13 eventually there will be a Commission decision at
14 least 30 days after the proposed decision comes
15 out, as required by CEQA.

16 Now, there's a number of agencies,
17 local, state and federal, that I'm required to
18 cooperate with. And some of those, for example,
19 include Riverside County Planning Department, City
20 of Riverside Planning Department, and other
21 departments, Fire Department, Sheriff. Some are
22 regional, such as South Coast Air Quality
23 Management District. Various state agencies such
24 as Department of Fish and Game, Air Resources
25 Board, Regional Water Quality Control Board.

1 Various federal such as Environmental Protection
2 Agency and U.S. Fish and Wildlife Service. And
3 that's only one-third of the agencies that I have
4 to coordinate with.

5 I brought a copy, if anyone wants to see
6 it, of the entire list of other agencies that I
7 have to deal with going through this process.
8 There are approximately 45 of them.

9 Now, the Committee assigned has been
10 introduced by Hearing Officer Fay, is Ms.
11 Jackalyne Pfannenstiel, Presiding Commissioner,
12 and Mr. John Geesman, the Associate Member of the
13 Committee, hiding behind me.

14 As far as the Commission Staff we have
15 Gary Fay, who will be the Hearing Officer; myself,
16 the Project Manager; Ms. Lisa DeCarlo is our Staff
17 Attorney; and Margret Kim is the Public Adviser,
18 whom Mike and Nick report to.

19 Now, on May 14th staff issued a issues
20 identification report. And the purpose of the
21 report was to inform participants of potential
22 issues that staff identified that may or may not
23 be significant adverse impacts.

24 It gives us an early focus of certain
25 potential issues that we need to look at more

1 closely. But it's not limited. The criteria that
2 we will face issues on is an environmental
3 checklist, as I spoke, that comes out of
4 California Environmental Quality Act appendix G.

5 And we look at the potential impacts on
6 the environment or energy resources it may incur
7 that may not be mitigated. Now there were only
8 two areas of potential significant impacts which
9 we felt may be difficult to mitigate. Those two
10 areas were air quality and biological resources.

11 The first potentially significant air
12 quality impact was adequacy and identification of
13 mitigation, such as the emissions offset credits.

14 Now, during the workshop today we had
15 approximately 20 data requests in the area of air
16 quality. In their initial responses to the data
17 requests we did identify mitigation the air
18 quality management district has agreed to provide
19 by June, I believe it was June -- no, they were
20 supposed to -- oh, they're supposed to provide a
21 letter stating that Riverside Public Utilities has
22 sufficient emission reduction credits from the
23 community bank to cover all nonattainment criteria
24 pollutants.

25 The reclaimed trading credits that we

1 identified, the Riverside Public Utilities has
2 currently purchased approximately 75 percent of
3 them. With them having purchased that much this
4 early in the process we now feel confident, once
5 they provide us the documentation, that they will
6 be able to secure the rest of the reclaimed
7 trading credits that are required for the first
8 year of operation.

9 Additional questions were asked by CURE
10 and the applicant has agreed to respond to those
11 in writing within the next 30 days.

12 The second item there was identified was
13 in biological resources. The staff has identified
14 that there are state and federally listed rare
15 and/or potentially endangered species within the
16 proposed project site boundaries.

17 The Riverside application identifies
18 payment into the Western Riverside County
19 MultiSpecies Habitat Conservation Plan as a
20 mechanism to protect state and federally listed
21 species, and to reduce impacts to biological
22 resources to a less than significant level.

23 Based on the information from California
24 Department of Fish and Game the state and federal
25 permits for this habitat conservation plan have

1 not yet been issued. Staff is unsure at the time
2 that this document -- staff was unsure at the time
3 that this document was written that there was not
4 a program yet in existence to be able to mitigate
5 for this habitat conservation plan.

6 The applicant has agreed to look at
7 alternative in the event that the state and
8 federal approvals don't come through in a
9 appropriate timeframe.

10 The final issue is the schedule, which
11 gives everybody heartburn; however, in this
12 particular small power plant exemption process we
13 have 135 days from the date of application to go
14 to hearings. Now, that does not leave a lot of
15 time. We received the document on April 29th.
16 Our normal scheduling would give us 30 days to
17 issue data requests. We issued the data requests
18 15 days later.

19 We held the workshop today and the site
20 visit and informational hearing was today. The
21 applicant, under the Warren Alquist Act and our
22 rules and regulations, require them to provide
23 data responses within 30 days, which is June 14th.

24 We intend to file our draft initial
25 study June 9th -- I mean July 9th. We will hold

1 another workshop here in Riverside on July 16th to
2 take input from the community. We're asking that
3 all public agencies respond by July 16th, such as
4 South Coast Air Management District, the Water
5 Board, Fish and Game and any other public
6 agencies, including school districts, land use
7 commissions and things of that nature.

8 We are proposing to the Committee,
9 though, that we have a prehearing conference on
10 the 27th of July to take final comments. And we
11 would issue our final initial study on July 29th.
12 That puts the start of hearings on July 6th -- I
13 mean -- yeah, the smell from the wastewater
14 treatment plant got me kind of dizzy --

15 (Laughter.)

16 DR. REEDE: -- would be August 6th of
17 this year, which is approximately 99 days. Staff
18 only has 100 days to get it, and we managed to
19 knock it down in 99 days.

20 So that gives the Committee basically
21 three days to write their decision, and 30 days
22 added on for public comment.

23 (Laughter.)

24 DR. REEDE: But, that is our proposed
25 schedule. We have attempted to meet all the rules

1 of practice and procedure of title 20. And that's
2 the end of my story.

3 I will take questions with your
4 permission, Hearing Officer Fay.

5 HEARING OFFICER FAY: Sure. Any
6 questions of the staff about what they've just
7 said?

8 ASSOCIATE MEMBER GEESMAN: One question.

9 HEARING OFFICER FAY: Yes.

10 ASSOCIATE MEMBER GEESMAN: Do we need a
11 prehearing conference?

12 HEARING OFFICER FAY: We typically
13 schedule one anticipating the need to plan the
14 hearing. But if it turns out that everything's
15 falling in place, staff is in agreement with the
16 applicant and other parties are, as well, then it
17 will be pretty straightforward getting the
18 evidence in the record, and probably would not
19 need a prehearing conference.

20 DR. REEDE: Commissioner Geesman, I
21 might add that what we've done on other cases,
22 we've included a draft initial study workshop. We
23 do that in the morning, and have a prehearing
24 conference in the afternoon. So it could be the
25 same day as ours, it's just that I was asked by

1 Commission Management to split the dates. But if
2 it's your desire to have it the same day, that's
3 fine with me.

4 HEARING OFFICER FAY: Any more questions
5 of Dr. Reede? Yes.

6 UNIDENTIFIED SPEAKER: This might be for
7 Mr. Bartsch. When is the last day you could
8 actually file a petition to intervene?

9 DR. REEDE: Thirty days.

10 HEARING OFFICER FAY: Yeah, it would
11 have to be before the prehearing conference.

12 DR. REEDE: Excuse me, but I believe
13 it's 30 days prior to the prehearing conference.

14 HEARING OFFICER FAY: Well, yeah, in a
15 compressed process like this all I can tell you is
16 the sooner you do so, the better. Because we will
17 not stop the case so you can catch up. And if you
18 -- you either risk being denied intervenor status,
19 party status, or granted it, but, you know, the
20 train's left the station.

21 And so I think it's wise to focus on
22 these questions now. Talk to the Public Adviser
23 early on and decide for yourself whether this is -
24 - what level you want to participate at,
25 basically.

1 Are there any other questions of the
2 staff at this time? Okay. Then, I'll ask Mr.
3 Bartsch, again, anything further from the Public
4 Adviser's Office? Okay.

5 MR. BARTSCH: Not at this moment unless
6 there's questions.

7 HEARING OFFICER FAY: Okay, fine. And,
8 you know, we'll have other opportunities for
9 comment and questions, believe me.

10 All right, thank you, James.

11 Allan, your crew. We want to hear from
12 the applicant now on their proposal.

13 MR. EVANS: The presentation.

14 HEARING OFFICER FAY: Do you need the
15 lights off like this?

16 MR. EVANS: Yeah, we're fine. Good
17 afternoon. My name's Tom Evans. I'm the Director
18 for the Public Utilities Department, which is a
19 department of the City of Riverside, a so-called
20 enterprise department. We provide water and
21 electricity to the citizens of Riverside
22 exclusively.

23 The City of Riverside is a charter city
24 in California. In the City charter the public
25 utilities department is created. And the City

1 Council is the governing body, if you will, but
2 the City Council also appoints a Public Utility
3 Board which provides direction and recommendations
4 to the City Council on the operations of the
5 utility department in all aspects.

6 So what I'm going to provide you today
7 is a overview of the plant project, the criteria
8 and how we got to this point. And the decision
9 was made to move forward with this particular type
10 of a power plant to meet the needs of our
11 customers in Riverside.

12 This has been approved by the Public
13 Utilities Board and the City Council in terms of
14 the budget and the process to move forward. And
15 they authorized us to file an application with the
16 California Energy Commission.

17 Essentially the project consists of two
18 50 megawatt power plants. These are so-called
19 peaking plants. They're designed to meet the
20 connected customer demand on basically hot summer
21 days that we have here in Riverside. And I'll
22 talk a little bit more about that.

23 The estimated cost is \$75 million
24 including a transmission line running from the
25 power plant to take the power out of the plant,

1 down Jurupa Boulevard, to an existing substation;
2 and then for distribution and delivery to our
3 customers throughout the City of Riverside.

4 Obviously the site is here. Our goal is
5 to have the plant operational, at least the first
6 unit, by May here, probably more likely June of
7 2005.

8 The benefits of this plant are to
9 diversify our power resources. We currently get
10 power mostly from sources outside of Riverside.
11 We have one power plant in the middle of the State
12 of Utah that uses coal. We're a co-owner of the
13 San Onofre Nuclear Station. We have contracts
14 with the California Department of Water Resources.
15 We have contracts to get power from Hoover Dam.
16 But basically, all the power comes from sources
17 outside of the City.

18 And it all comes through one point of
19 delivery that Southern California Edison owns and
20 operates; a place called VISTA substation. That's
21 the acronym up there. It's located about 20 miles
22 north of the City of Riverside, near the City of
23 Colton.

24 We have the experience of building one,
25 the other power plant here in the City of

1 Riverside. It was completed in 40 weeks. It's a
2 40 megawatt power plant that's on the completely
3 other side of the City. It's located in an
4 existing substation that we own. And, again, it
5 was designed to provide peaking resources and has
6 been fulfilling that goal ever since.

7 The other advantage that this brings is
8 power within the City. As I mentioned, up until
9 two years ago all the power came from outside of
10 the City. In the event of a disruption to that
11 power grid that brings power into the City, we
12 would have been completely in the dark and unable
13 to provide service to our customers.

14 So, by having the first plant, 40
15 megawatts, enabled us, in the event of a major
16 disaster, to be able to provide power throughout
17 the City to critical resources, including water
18 pumping, police and fire departments and other
19 critical services in the City.

20 This additional 100 megawatts also
21 provides that capability in a much more
22 significant way in the event that we have a
23 disruption to the statewide grid.

24 The expected average cost of the power
25 from the plant is, as we see, 7.5 cents/kWh, which

1 we consider to be competitive in terms of the
2 marketplace being able to go out and buy, contract
3 for the power elsewhere.

4 Just a brief overview, again, of the
5 plant. You'll see, on the left, the Riverside
6 Energy Resource Center generation site. The
7 yellow line represents the transmission line that
8 runs about 1.2 miles along the Jurupa Avenue to,
9 as I say, an existing substation. And we have
10 existing power lines along Jurupa, but we would
11 need to increase the voltage to 69,000 volts,
12 which is our transmission voltage throughout the
13 City, to carry the power from the plant.

14 This puts into perspective why we need
15 this facility. The hump graph, if you will,
16 represents our load. We, in Riverside, our
17 connected load, our customer use changes 100
18 percent from night to day, or from winter to
19 summer.

20 We go from about 250 megawatts to over
21 500 megawatts in that cycle. The first series
22 you'll see with the bar graph and the resources
23 are stacked up; you see the yellow at the top is
24 our so-called Springs Plant. That's the 40
25 megawatt plant I mentioned.

1 If we did nothing then, as time goes
2 forward, we have some contracts with other power
3 suppliers that are going away. Now you'll see the
4 gray area becoming more predominant, and that that
5 approach would then put us and our customers at
6 the mercy of the marketplace on a spot basis. And
7 potentially drive the cost up significantly.

8 So, as a utility that takes customer
9 service seriously, and takes the obligation to
10 serve our customers seriously, we're not going to
11 let that happen. So we need to either buy
12 additional resources to take care of some
13 contracts that are going away, or build a plant
14 here in the City to meet that hot peak requirement
15 in those summer months.

16 The factors that we considered when we
17 proceeded with this project are our so-called
18 renewable portfolio standard or green power. The
19 City Council adopted a renewable portfolio
20 standard for us that's to get to 20 percent green
21 power, renewable power, by 2015, which actually is
22 more aggressive than the rest of the state.

23 We want to have fuel diversity, as I
24 mentioned. Right now the single biggest resource
25 is a coal plant. We have nuclear; we have some

1 hydro; we have renewables, geothermal, wind,
2 biomass, things like that. But we have very
3 little natural gas. So this plant helps us
4 diversify in terms of the fuel mix.

5 Geographic diversity is also very
6 important. As I said, most of our plants -- power
7 comes from places outside of California, in some
8 cases; or certainly outside of Riverside. So by
9 bringing it closer we bring the power to the
10 source, and we also put less stress, if you will,
11 or demand on that statewide grid.

12 This provides us again with emergency
13 capability within the City in the event of a
14 disaster, to be able to meet a significant part of
15 our customers' load or needs during a disaster
16 when the rest of the area would be in the dark if
17 there was a disruption to the grid.

18 Part of this helps us with a sort of
19 esoteric concept called capacity reserve
20 requirements, or ACAP, what the California ISO,
21 Independent System Operator is considering to
22 impose on individual power suppliers.

23 And as I say, we have -- specific needs,
24 we have a contract with the California Department
25 of Water Resources that ends in 2005. They've

1 indicated they will not renew. We have a contract
2 with a couple other power plants that you see, 52
3 megawatts in 2010, and Bonneville Power
4 Administration in 2011.

5 We considered, as I said, risk in terms
6 of not only locational risk, but risk in somebody
7 else's power, if you will, to be able to supply
8 our needs. And we continue to meet our City's
9 growth as well as in conjunction with conservation
10 efforts.

11 And as I say at the bottom, we have an
12 obligation to serve our customers, as opposed to
13 throwing them onto the mercy of a spot market. We
14 take this very seriously and are prepared to
15 invest significant dollars to assure that we can
16 meet that customer demand.

17 This is a pie chart that I mentioned
18 earlier to clarify where our power comes from.
19 And it shows you the price that we pay from a
20 variety of resources. And I call your attention
21 to the sort of -- well, I'm kind of color blind,
22 so I am at risk with this, but that one --

23 (Laughter.)

24 MR. EVANS: -- the California Department
25 of Water Resources, that's the contract that I

1 mentioned that's going away that we need to
2 replace in the short term of 2005.

3 The original consideration was to deal
4 with this contract in 2005. And we thought, well,
5 okay, we can build one 50 megawatt power plant,
6 meet that need, and go on about our business. And
7 then deal with the other contracts that were
8 dropping off in '08 and '10, the 2010 timeframe.

9 We considered, though, the economics of
10 building two now, based on the economies that we
11 would achieve, not only construction economies,
12 but purchasing economies of the major pieces of
13 equipment. We considered that the market was good
14 if you were a buyer, particularly for turbine
15 generators.

16 So our analysis said if we build two
17 plants essentially now, rather than one now and
18 another one into the future, or perhaps a
19 contract, we could save \$21 million in the
20 construction savings. And then considering that
21 one of the plants theoretically would be built
22 early, on a conservative basis we said, well,
23 we're going to have additional costs that we
24 deducted from our savings in terms of the debt
25 that we would have for that plant that might

1 theoretically just be sitting for a couple of
2 years, so that we have a very conservative
3 analysis that we could save \$12.2 million by doing
4 two plants now rather than one. And then some
5 other consideration later.

6 So, the net impact on our customers is
7 that within this budget timeframe and timeframe
8 possible a 1.3 percent rate increase in '05. But,
9 again, it depends on what the actual cost of money
10 is and some other factors. But it's a minimal
11 impact on our customers for the significant
12 benefit that we see.

13 The other factors in this consideration
14 which I think are important for you to understand
15 how we came to this decision, is that we looked at
16 internal generation versus a standard contract.
17 Because a standard contract is easy is some
18 respects.

19 We go out; we negotiate with somebody;
20 we don't have any additional debt; we have no
21 forced outage risk in terms of operating a piece
22 of heavy equipment; we avoid significant capital
23 outlay; we avoid, with all due respect, this
24 process. And we have no direct environmental or
25 other issues because the plants are someplace

1 else. And there's no fuel risk in terms of
2 directly.

3 However, on the other side of the
4 equation, we have the ability, with our own
5 resource, to mitigate something happening to
6 another power plant that brings power to us. And
7 this first item is very important in the sense
8 that if something happened to one of our other
9 plants, then under the current operational
10 criteria of the California Independent System
11 Operator we are not able to bring any other
12 resources to bear externally for three hours.

13 During that three-hour period we are
14 paying the absolute highest prices of power until
15 such time as we can meet the ISO's criteria and
16 bring additional power to bear. Having our own
17 plant internally mitigates that cost in terms of
18 the ISO.

19 We have no transmission risks in terms
20 of internal because we are -- it's internal to the
21 City, and we save transmission losses in terms of
22 bringing power from another source. There are
23 losses associated with transmission, external
24 transmission lines. It does provide local voltage
25 support. It helps defer possible upgrades to the

1 VISTA Power Plant that Southern California Edison
2 owns. There is no counter-party risk in terms of
3 we're not dealing with another contract if it's
4 our property.

5 We do have a -- it helps us with our
6 reserve requirements that the ISO handles. We
7 have a single contingent reserve, as I say, that
8 we have one power plant, the single largest plant
9 is the coal plant in the middle of Utah. We get
10 227 megawatts from that day in and day out. This
11 helps mitigate the failure of that plant, for some
12 reason, or the transmission line bringing the
13 power from the plant to us.

14 There is no market risk in the sense of
15 we own the plant and we have the costs under our
16 own control. And there's no term limits as far as
17 the contract term.

18 We obviously do have some counter-party
19 risk in terms of fuel. We have to buy the fuel.
20 But we don't have the contract risk of contracting
21 with another power supplier. And in this day and
22 age, most of these suppliers form limited
23 liability partnerships and there's very little
24 equity behind those contracts.

25 So that concludes why we're here.

1 Obviously there's far more details in terms of the
2 details of the plant. But I think it's important
3 to understand the decision the City Council made
4 to move forward is the idea to be able to meet the
5 requirements of our customers exclusively.

6 This plant is not designed and is not
7 connected to the grid. We don't plan to sell it
8 to anybody else. It's simply to meet the loads
9 and needs of our customers, as I say, on those hot
10 summer days. And also be a contingency in the
11 event of a major disaster.

12 So, we'd be happy to answer any
13 questions anybody has. Thank you.

14 HEARING OFFICER FAY: Any questions of
15 the applicant about the project? Any questions
16 about the project?

17 MR. IVERSON: I have one question.

18 HEARING OFFICER FAY: Yes, sis.

19 MR. IVERSON: I understand that
20 (inaudible) --

21 DR. REEDE: Excuse me, but you're going
22 to have to come to the microphone so your question
23 is recorded.

24 MR. IVERSON: I was afraid of that.

25 (Laughter.)

1 MR. IVERSON: Robert Iverson, Jurupa
2 Unified School District. Maybe a bit of
3 clarification. The 2700 hours permitted versus
4 the 1330 hours annual operation, is that one plant
5 at 1330, times two would be approximately 2700
6 hours permitted?

7 And second portion of the question would
8 be is there a process whereby the power plant
9 could have additional hours added to its
10 operational via the permitting process or change
11 of permitting?

12 MR. GILL: To answer the first question,
13 yes, that's right. The 1330 is per unit; and
14 that's where the 2700 comes from.

15 And in order to change operating hours
16 we would have to go back and have basically the
17 facility repermited and reviewed by South Coast
18 Air Quality.

19 We don't view it in future expansions
20 because we're so heavily baseloaded right now with
21 nuclear and coal. And so wait until some of those
22 long-term contracts go away and we look at the
23 potentials of future expansion of the site, okay.

24 But that would be another entire process
25 like we're going through here.

1 HEARING OFFICER FAY: Just to elaborate
2 a little bit, we take this very seriously. In
3 fact, there was recently a municipality that
4 applied at a certain level of operation. And the
5 staff, as a result, analyzed the impacts on the
6 environment and on other resources, energy
7 resources, of operating at that level.

8 They later mentioned that they really
9 wanted to be able to, if they could, baseload the
10 plant, which means operating all year long, even
11 though it was a peaker plant. Because just in
12 case their needs went in that direction they
13 wanted the flexibility.

14 There's no problem with that, but they'd
15 initially asked for a lower level of operation.
16 And there was not evidence to support the higher
17 level of operation. So the case was delayed
18 because the applicant either had to accept the
19 lower level or provide the evidence to examine the
20 higher level.

21 So, we take this very seriously. And
22 for the project to get through in this timeframe,
23 the staff and the applicant have to fully
24 understand the operating nature of the project.

25 And as they said, if that were to change

1 some day in the future, ten years from now, they'd
2 have to come back to the Energy Commission in a
3 public proceeding and ask for a change. And go to
4 their Air District.

5 Any other questions of the applicant?

6 DR. REEDE: Might I also add that they
7 would have to come back for the full application
8 for certification process, which is our typically
9 one-year process, if they wanted to expand the
10 plant.

11 Up to 100 megawatts is as high as they
12 can go under this type of proceeding; 100.1 means
13 they have to go through the full application for
14 certification plan. It's no longer considered a
15 small power plant. And all the issues would be
16 vetted in detail again.

17 HEARING OFFICER FAY: Commissioner.

18 PRESIDING MEMBER PFANNENSTIEL: Yes, Mr.
19 Evans, you mentioned you're going to meet your
20 renewable portfolio standard 20 percent by 2015.
21 That implies you're going to be adding some
22 renewable resources between now and then. What
23 would that be?

24 MR. EVANS: Thank you. Well, at the
25 present time our portfolio includes geothermal,

1 biomass, wind, solar and hydro. And we are
2 approximately 12 percent at the present time.

3 So we're continuing to look for other
4 resources that would meet that standard by 2015.
5 Probably, from a practical standpoint, more
6 geothermal would be good, as part of the baseload.
7 But we are in the process and continuing to look
8 for those opportunities.

9 HEARING OFFICER FAY: Commissioner
10 Geesman.

11 ASSOCIATE MEMBER GEESMAN: Do you have
12 an estimate of the cost of the projected VISTA
13 substation upgrades? And will the Southern
14 California Edison Company be charging for those
15 upgrades?

16 MR. EVANS: They would charge us for the
17 upgrades.

18 MR. BADGETT: It's close to 100 million.

19 ASSOCIATE MEMBER GEESMAN: Close to 100
20 million. And when would you potentially incur
21 that cost?

22 MR. BADGETT: Steve Badgett, Riverside
23 Public Utilities. Right now we are negotiating
24 with Southern California Edison as a future.
25 We're delaying -- this project, if successful,

1 will delay the upgrades. Basically we feel that
2 at some point around 2008, 2010 we will still have
3 to do something additional at the VISTA
4 substation.

5 ASSOCIATE MEMBER GEESMAN: Thank you.

6 HEARING OFFICER FAY: Any other
7 questions of the applicant before we move on?
8 Okay.

9 And the Public Adviser, anything more --

10 MR. ZEPEDA: I just have some public --

11 HEARING OFFICER FAY: Okay, thank you.
12 Now, I'll ask CURE, even though we haven't ruled
13 yet on the intervention, is there any statement
14 you'd like to make?

15 MS. PEESAPATI: Thank you. Suma
16 Peesapati on behalf of CURE. (inaudible) on an
17 issue. I'm curious to know what type of
18 provisions -- during the site visit the applicant
19 mentioned that it was making provisions for future
20 expansion. And I'm curious to know, what are
21 those specific provisions being made on the site
22 for future expansion for units 3 and 4?

23 MR. GILL: Well, okay, the provisions
24 are, for example, we wouldn't be -- we're going to
25 run all our piping down, ducting down one side of

1 the site so they aren't crossing an area that we
2 might, in the future, want to put a future
3 foundation in.

4 And we're just being careful where we're
5 putting the pieces so that we don't have to --
6 given in the future should we want to add another
7 unit, we don't have to restructure the site just
8 to add another foundation.

9 That's really what we're doing, is just
10 being careful where we put things.

11 HEARING OFFICER FAY: Okay. Anything
12 further? All right, we'd like to give you all a
13 chance to ask questions or make a statement before
14 we get into the final phase, which is our
15 discussing the schedule on this.

16 So, I'll call your name and if you would
17 like to come up, please come up and speak into the
18 microphone. First state your name and then spell
19 it, please, for the court reporter.

20 Juan Zepeda.

21 MR. ZEPEDA: (Through Interpreter) Good
22 afternoon to all. My question is that I live in
23 this area, Fremont and Jurupa. So we are
24 receiving announcements that appeared to indicate
25 that we would be affected, or they were notifying

1 us that there was going to be some sort of
2 movement. And that is why we're here.

3 Some of our neighbors from the same
4 street, but we would like to see something like
5 some sort of map in order to know if we fall
6 within the area where you folks are going to work.
7 And if we will be removed. That is all.

8 HEARING OFFICER FAY: Okay, I'll have
9 the applicant address that. If you would
10 interpret that it would be helpful.

11 MR. PEREZ: Sure.

12 HEARING OFFICER FAY: But, in addition,
13 I'd like you to refer Mr. Zepeda to the Public
14 Adviser, because they know which library has the
15 file with all the maps and the information.

16 Do you have a response?

17 MR. GILL: Yes, apparently some mailings
18 that got sent to the people living along Jurupa
19 indicating that we were going to be condemning
20 land. Really what we are doing is we have to
21 increase our right-of-way because of the double-
22 circuit 69 line. But all we're talking about is
23 restricted access or usage of the first nine feet
24 off of the curb.

25 We're not talking about evicting anyone

1 or we're not condemning any houses. It's just a
2 typical transmission right-of-way.

3 UNIDENTIFIED SPEAKER: Bob, will there
4 be any impact to the land adjacent to that right-
5 of-way?

6 MR. GILL: No.

7 HEARING OFFICER FAY: Okay. It's okay?

8 MR. ZEPEDA: Thank you.

9 HEARING OFFICER FAY: Thank you.

10 MR. BADGETT: Can I expand on that,
11 please?

12 HEARING OFFICER FAY: Yes.

13 MR. BADGETT: This is Steve Badgett,
14 Riverside Public Utilities. We are -- our
15 proposed route is an existing aerial facility that
16 we will add additional higher voltage wires or
17 there will be a requirement for easements only.

18 Our proposed route does not indicate any
19 right-of-way taking. It will be for easements
20 only. And if I may have the gentleman's name and
21 address we'll be glad to provide a map in Spanish
22 for him to be able to -- to afford him the
23 opportunity to discuss.

24 HEARING OFFICER FAY: Great. That
25 sounds like that would help. All right.

1 Debbi Huffman Guthrie.

2 MS. GUTHRIE: Good afternoon; I'm Debbi
3 Huffman Guthrie, and my name is spelled D-e-b-b-i
4 H-u-f-f-m-a-n, and Guthrie, G-u-t-h-r-i-e.

5 I just wanted to be here today to
6 indicate my support for this project. I am a
7 fourth generation Riversider, very proud of my
8 community; very proud of the fact that Riverside
9 took the initiative many years ago to start its
10 own utility which has benefitted us greatly in our
11 economic development activities.

12 So, I see this plant as yet another step
13 in a proactive approach to providing services,
14 much needed services to our community. Thank you.

15 HEARING OFFICER FAY: Thank you. Conrad
16 Newberry, Jr.

17 MR. NEWBERRY: Good afternoon, I'm
18 Conrad Newberry. And I serve on Riverside Public
19 Utilities Board of Directors. And I think I've
20 been on it the longest. And I just wanted to come
21 and express on behalf of the Board that we support
22 this project.

23 Our mission at Riverside Public
24 Utilities, in essence on the electric side, is to
25 provide reliable power at a reasonable cost for

1 our community, and our community, alone. And I
2 would like to reemphasize what Tom said earlier,
3 that this project is only for the benefit of the
4 City of Riverside. And it will go to our
5 citizens.

6 We have worked diligently to develop a
7 risk management policy which addresses do we buy
8 power, where do we buy it from, do we generate it
9 ourselves, what is the best in relation back to
10 our mission, reliability and low cost.

11 And I can tell you that after extensive
12 study this is the bottomline best answer for our
13 needs in the future. It will help us with
14 reliability, our costs, and it allows us to
15 control our own destiny.

16 And personally, myself, I feel the
17 electric system in California in general is kind
18 of fragile these days. And this puts us in a
19 position where we're not at the mercy of what
20 happens throughout the state. We can still
21 maintain the reliability for our citizens within
22 the community. And that's very important to us.

23 Finally, I'd like to thank the
24 California Energy Commission for being here today.
25 We look forward to working with you in this

1 process. And I'm sure the Board, the Council and
2 staff will do everything we can to expedite this
3 and make sure that you have all the information
4 you need so that we can stay on schedule.

5 Thank you.

6 HEARING OFFICER FAY: Thanks very much.
7 Craig Lambdin.

8 DR. REEDE: Excuse me, Hearing Officer
9 Fay. Could you please ask if there's anybody on
10 the conference call?

11 HEARING OFFICER FAY: Sure. Is anybody
12 there on the conference call?

13 DR. REEDE: You're going to have to turn
14 up the volume.

15 HEARING OFFICER FAY: If anybody's on
16 our conference call could they please respond?
17 Did you think you had somebody?

18 DR. REEDE: Yeah, our air quality
19 person, both our staff and the South Coast, was
20 supposed to call back in at 3:45.

21 HEARING OFFICER FAY: Hello, anybody on
22 the conference call?

23 DR. REEDE: Well, turn the volume down.
24 Go ahead.

25 HEARING OFFICER FAY: Mr. Lambdin.

1 MR. LAMBDIN: I'm Craig Lambdin,
2 Executive Director of MFI Recovery Center, and
3 President of the Arlington Division of the
4 Riverside Chamber of Commerce.

5 And I'm here to speak in support of this
6 project. I think the Riverside Public Utilities
7 Commission should be commended for being proactive
8 in searching out alternative energy sources in
9 these kind of rough times.

10 I think the plan that's been presented
11 presents a balanced approach to all mitigating
12 effects on the environment. And so I'd like to
13 speak on behalf of the business community that we
14 are in support of this project. And we hope the
15 Commission will expedite this process.

16 Thank you.

17 HEARING OFFICER FAY: Thank you. Cindy
18 Roth.

19 MS. ROTH: Good afternoon and welcome.
20 I'm Cindy Roth. I'm the President and CEO for the
21 Greater Riverside Chambers of Commerce.

22 And just to give you a little
23 background, our Chamber has almost 1700 employers
24 within our Chamber, which represents about 72,000
25 jobs. And as Craig has indicated here, from the

1 Chamber, this power plant would be within the
2 Arlington Division, as we call it. So that
3 Division has really looked at this.

4 The Greater Riverside Chambers of
5 Commerce Board of Directors has reviewed it. Our
6 Chamber is the eighth largest chamber in the State
7 of California. And so in reviewing this it is
8 extremely important to us. We see this as an
9 opportunity, as we've talked about, in having
10 alternatives and diversification.

11 Energy means power to jobs. We're
12 looking at businesses coming into the area. And
13 it's critical. As we all know, if the state grid
14 goes down and jobs are affected, the community
15 members are going home. And that creates a real
16 burden.

17 So the one thing we're looking at is
18 keeping jobs going, keeping the quality of life
19 going. And we just want to applaud the Public
20 Utilities Commission Members, the staff for
21 bringing this forward, and the City of Riverside
22 for having the vision to continue to diversify.

23 So, we applaud you and thank the
24 Commission Members for being here.

25 HEARING OFFICER FAY: Thank you. Jeff

1 Kraus.

2 MR. KRAUS: Good afternoon. Not to
3 sound like a broken record, but I'm also here to
4 support the project.

5 A couple words have been mentioned
6 earlier, and the one that comes to mind is vision.
7 And the Riverside Public Utilities has a history
8 in the last number of years of extraordinary
9 vision of what needs will be, what the market will
10 look like, and how do we protect the City of
11 Riverside.

12 I Chair the Economic Development
13 Committee of the City of Riverside, and power has
14 been one of the main reasons why businesses are
15 located in Riverside. Now, given the
16 circumstances of the past couple years, price was
17 a big issue. But also reliability.

18 And the vision of Tom Evans and the
19 Public Utilities Department has just been
20 extraordinary, and we're wholeheartedly, as the
21 business community, supporting; as a resident of
22 Riverside I'm supporting it. It diversifies the
23 mix of our sources. You keep things here at home.
24 And we're just, once again, wholeheartedly in
25 support of it.

1 Thank you.

2 HEARING OFFICER FAY: Thank you. And
3 the last card I have is for Sheila Carpenter.

4 UNIDENTIFIED SPEAKER: Bob Iverson.

5 HEARING OFFICER FAY: Bob Iverson.

6 MR. IVERSON: There's two names on that
7 card.

8 HEARING OFFICER FAY: Yes, there are.

9 MR. IVERSON: I think the asterisk is
10 next to mine.

11 Thank you, again. This will be a new
12 record. Bob Iverson, Jurupa Unified School
13 District. And I think I have on the card, of
14 course, air emissions, air dispersion or
15 dispersion of emissions and gas, probably gasline
16 rupture dangers. If those could be addressed we
17 would appreciate that.

18 Although Jurupa is north of this
19 location for the most part, across the river, the
20 air dispersion models may, at times, put more of
21 the emissions from the plant at Jurupa than it
22 would Alvert or Riverside Unified School District.
23 And because gas pipelines do affect where we place
24 schools, that would also be a concern. Is there
25 any danger of gasline ruptures or explosions or

1 emissions from that.

2 Thank you.

3 HEARING OFFICER FAY: Thank you. I
4 think, not only to the local citizens, but
5 especially the School Board with young children
6 within a mile of the plant, these are concerns
7 that we certainly want the staff to address.

8 And we routinely address air emissions.
9 And there will be modeling to determine where the
10 worst case impact is, and what that impact level
11 is. And if it's acceptable, that's one of the
12 fundamental things we need in the case.

13 Gasline ruptures --

14 DR. REEDE: Excuse me, Hearing Officer
15 Fay, they're going to be tapping into an existing
16 gas pipeline that's been there for about 38 years.
17 So they're going to make a simple tap.

18 If you had been here for the site visit
19 basically, you know, it's at their property
20 boundary. So they're not putting in a new gas
21 pipeline outside of the property. It will only be
22 an internal gas pipeline. So they're going to tap
23 into an existing pipeline that comes across the
24 river.

25 HEARING OFFICER FAY: Yeah. But I think

1 we can --

2 DR. REEDE: We'll still address the
3 safety issues --

4 HEARING OFFICER FAY: -- direct that
5 staff address that in their write-up.

6 Okay. That's all I have in terms of
7 blue cards. And I'd just like to ask Dr. Reede is
8 there anything more you wanted to say about the
9 issue identification report, or had you pretty
10 much covered that in your presentation?

11 DR. REEDE: There was a particular issue
12 that came up with the proximity to the airport.
13 The applicant did agree during the workshop to
14 turn in the Airport Land Use Commission permit
15 application by this Friday. A hearing has been
16 scheduled for July 15th.

17 Because in the event that the prevailing
18 winds are coming from the east in a Santa Ana
19 condition, planes flying into Riverside Municipal
20 Airport, because it's a left-hand turn into the
21 airport, would have the potential to fly over the
22 power plant, especially the high performance
23 aircraft.

24 When they make that left turn we were
25 concerned that we may have a situation similar to

1 what's occurring with the Blythe Power Plant, in
2 that the aircraft may fly over the cooling tower,
3 and there would be a turbulent air cone, so to
4 speak.

5 Realizing that the cooling tower is
6 going to be on an east/west orientation has
7 allayed some of our concerns, however once the FAA
8 and the Airport Land Use Commission and our staff
9 has finished evaluating it, we think it may be a
10 non-issue. But we still want to fully analyze it
11 and wait till we get all the data in.

12 HEARING OFFICER FAY: Okay. Great.
13 Anything further, then, in terms of your issues,
14 the preliminary report?

15 DR. REEDE: No, not really. We can go
16 on to the schedule if you'd like to.

17 HEARING OFFICER FAY: Yeah. I just want
18 to stress that this initial report is just that,
19 it's a first cut. And the staff will be doing a
20 more indepth study, a preliminary one; and then,
21 after taking comments, a final one.

22 So, you'll have other opportunities to
23 hear from the staff and actually see what their
24 analysis has been after they've gotten into the
25 material more deeply.

1 And I think in terms of the schedule,
2 what we'll do is just move to the applicant and
3 ask if you've reviewed the staff's proposed
4 schedule, and if you have any comments on it.

5 MR. THOMPSON: Thank you very much, Mr.
6 Fay. Yes, part of the reason that we did not file
7 a proposed schedule of our own was that we looked
8 at the staff's schedule and thought it was
9 acceptable.

10 We further think that we can meet our
11 obligations, as far as our filing dates, of
12 information that will satisfy the staff data
13 requests.

14 And this morning the unions gave us some
15 data requests, and we've agreed to do our best to
16 respond to those. There may be some where we
17 don't have the information because we don't know
18 yet. But we would like to be as close to
19 complying with all those dates as possible.

20 Right now there may be one or two of the
21 72 data requests that may be a few days late.
22 Some of them are dependent upon gathering
23 information from other sources and other
24 governmental approvals. But what we would like to
25 do is to let you know a little bit in advance if

1 there's a couple of these that may be a couple
2 days late.

3 Other than that, we think the schedule
4 is fine. We will do our best to meet our side of
5 the obligations.

6 HEARING OFFICER FAY: And you mentioned
7 that you're responding to CURE's data requests as
8 if they were already a party. Did you have any
9 comment to make about their petition to intervene?

10 DR. REEDE: Excuse me, Hearing Officer
11 Fay. What we did, we had taken them on blue
12 cards. And we're considering them at this time.
13 Commission Staff's supplemental data requests.

14 HEARING OFFICER FAY: That's fine. I'm
15 just --

16 DR. REEDE: So that, you know, for --

17 HEARING OFFICER FAY: That's fine, I'm
18 just --

19 DR. REEDE: -- continuity purposes.

20 HEARING OFFICER FAY: I would like to
21 know, Mr. Thompson, anything further on their
22 petition to intervene?

23 MR. THOMPSON: Well, actually, this may
24 be a good time to talk about the public process
25 and the way we would like to view it.

1 Number one, we welcome the input,
2 questions of any citizen of Riverside, anybody out
3 there that's interested in the process. A number
4 of people here from the City and on the licensing
5 team have raised their hands today. Feel free to
6 walk up to them and see if you want to get copies
7 of maps and information.

8 We would like to err on the side of
9 getting more information out to the citizens than
10 less.

11 Number two, it appears that there will
12 be two requests for formal intervention, as of
13 yet. We have no problem with the Jurupa School
14 Board. Again, we would like to satisfy your
15 information requests as soon as possible to make
16 you happy.

17 With regard to the unions, we feel
18 somewhat differently. And while we are not going
19 to ask this Commission to refuse to let them be
20 intervenors, they are professional intervenors
21 from the sense that they have applied for
22 intervention status in CEC projects all over the
23 state.

24 They are familiar with the process.
25 They have expert witnesses gearing up, and we

1 would resist mightily attempts by the unions in
2 the future to cause delay of the projects or undue
3 information requests placed in by us.

4 However, at this time, we do not oppose
5 their intervention status.

6 HEARING OFFICER FAY: Okay. This is the
7 kind of dispute that is handled item-by-item, and
8 so if CURE is granted intervenor status and they
9 propose some data requests, the applicant, I
10 assume, will do their best to respond to them. If
11 they think some are inappropriate, they would file
12 something with the Committee and the Committee
13 would decide which ones have to be answered.

14 That's the kind of process we have.
15 It's very sort of formal, like a lawsuit. But it
16 does provide everybody a fair shot at the process.

17 Okay, thank you. Anything further, Mr.
18 Thompson?

19 MR. THOMPSON: No, thank you.

20 HEARING OFFICER FAY: All right. Just,
21 you know, giving you the benefit of the doubt,
22 CURE do you have any comments about the schedule?

23 MS. PEESAPATI: Actually I have a
24 question regarding the status of our petition to
25 intervene, and when we should -- might expect a

1 decision on the petition.

2 HEARING OFFICER FAY: I think probably
3 within a week from now.

4 MS. PEESAPATI: Within a week?

5 HEARING OFFICER FAY: Yes.

6 MS. PEESAPATI: Okay. And I would just
7 also like to make clear that union members are
8 also community members and share the concerns of
9 people in the community, so.

10 MR. THOMPSON: I've been in many of
11 these cases.

12 HEARING OFFICER FAY: And, School
13 District, if you file a petition to intervene we
14 will -- I mean I know the Committee will give it
15 consideration as soon as possible so that you know
16 at what level you're entitled to participate.
17 That's especially important when you have data
18 requests that you need to get in.

19 And in some cases, for those of you that
20 aren't sure if you want to get that involved, you
21 can call the staff; you can come to these
22 workshops and say, gee, I wish you'd ask the
23 applicant about this and such. Many times the
24 staff incorporates the concerns of the community
25 in their analysis.

1 So there's nothing wrong with doing it
2 that way. You don't have to stand alone as a
3 separate party in this case, if you're not
4 particularly inclined to do that. So take
5 advantage of the staff's expertise. They're there
6 as a representative of the public. They don't
7 represent anything else other than the public of
8 California.

9 Yes.

10 MR. EVANS: If I could just add, this is
11 Tom Evans again, Riverside Public Utilities
12 Department.

13 Just for clarification, the employees of
14 Riverside Public Utilities are the Craft
15 Employees, represented by Local 47 of the
16 International Brotherhood of Electrical Workers.
17 This plant would be operated by those employees.
18 The City Council approved the additional positions
19 necessary to operate the plant on a going-forward
20 basis. The project is bid as a public project,
21 and prevailing wage is a requirement of our
22 project.

23 So, just for your information.

24 HEARING OFFICER FAY: Great, thank you.

25 All right, let me just ask, any other comments on

1 the schedule?

2 I really don't want to get into a debate
3 about --

4 MS. PEESAPATI: Oh, that's not it.

5 HEARING OFFICER FAY: Okay.

6 MS. PEESAPATI: It's a scheduling
7 question.

8 HEARING OFFICER FAY: All right.

9 MS. PEESAPATI: CURE intends to file
10 data requests, and I was just wondering when those
11 might be due under this schedule.

12 HEARING OFFICER FAY: They will be --
13 what did you have on your schedule, James? The
14 staff is submitting its data requests -- well,
15 they've done so already.

16 DR. REEDE: Right. Under Title 20 the
17 applicant would have to respond within 30 days of
18 data requests being submitted.

19 HEARING OFFICER FAY: I think --

20 DR. REEDE: They would be on a schedule
21 to --

22 HEARING OFFICER FAY: -- to protect
23 yourself you should assume that you will hear on
24 your petition within the week, and have your data
25 requests ready to go.

1 MS. PEESAPATI: Within a week?

2 HEARING OFFICER FAY: Yes. Anything
3 further, then, on the schedule?

4 Okay. I do have a question, a legal
5 question of the parties. Dr. Reede mentioned that
6 the proposed decision would be out for 30 days
7 pursuant to CEQA. However, the Energy
8 Commission's regulations say that a final decision
9 by the Energy Commission can be no later than 21
10 days after the proposed decision is issued.

11 How do you reconcile that. Ms. DeCarlo,
12 have you looked into that?

13 MS. DeCARLO: No, I haven't looked into
14 this question specifically; however, in the past
15 we have complied with the CEQA requirements
16 because the repercussions of noncompliance with
17 CEQA are far more severe than the repercussions
18 with noncompliance with our own regulations.

19 HEARING OFFICER FAY: So what's the
20 effect of our regulations?

21 MS. DeCARLO: They are trumped by CEQA
22 in my opinion. I don't have a legal explanation
23 or version of that.

24 HEARING OFFICER FAY: Mr. Thompson,
25 anything from you?

1 MR. THOMPSON: I defer completely to the
2 staff on this one.

3 HEARING OFFICER FAY: Okay. You know,
4 on a schedule of this type a week matters.

5 MR. THOMPSON: No, I understand.

6 HEARING OFFICER FAY: But obviously we
7 don't want to jeopardize any decision that the
8 Commission makes. Whatever the Commission decides
9 to do we want it to hold up.

10 Commissioner Geesman.

11 ASSOCIATE MEMBER GEESMAN: I did have a
12 question on the schedule. Mr. Evans indicated an
13 expected online date of May, and then I think
14 verbally changed that to May or June of '05.

15 Am I correct in assuming that you
16 believe the staff-proposed schedule is compatible
17 with that online date?

18 MR. EVANS: It is.

19 HEARING OFFICER FAY: Okay.

20 DR. REEDE: Excuse me, Hearing Officer
21 Fay. This particular issue regarding timing of
22 public comment period and decision was briefed in
23 the Ripon case. The section of CEQA is 15072 and
24 15074, which relates to the mitigated negative
25 declaration, which is what this Committee would be

1 issuing in its exemption process.

2 And because it's a mitigated neg dec if
3 you have state clearinghouse permission prior to
4 issuing the proposed mitigated negative
5 declaration you can do it in 20 days. They don't
6 typically give the permission unless it's an
7 emergency, so it's then 30 days, the normal course
8 of events.

9 So, CEQA section 15072 and 15074 are
10 the, as my counsel said, trumps.

11 HEARING OFFICER FAY: Okay, thank you.
12 All right, we're not trying to rush this at all,
13 but I think we've had a thorough examination of
14 this. Are there any final comments by either any
15 of the parties or anybody in the audience who
16 didn't have a chance to say something?

17 Yes, ma'am. Please come up. Yes, you
18 must. State your name and spell it, please.

19 MS. SARKIN: Norma Sarkin. And my
20 question is scheduling. On these two schedules
21 you've got a June 18th data response workshop.
22 And that's when all the info comes in and then we
23 can --

24 DR. REEDE: Well, it's four days
25 afterwards.

1 MS. SARKIN: Ah.

2 DR. REEDE: It's four days after the
3 data responses come in that we have the workshop.

4 MS. SARKIN: Right.

5 DR. REEDE: And any remaining issues.
6 Yes, that is correct.

7 MS. SARKIN: Okay, so that's the next
8 meeting we can come to to find out --

9 DR. REEDE: What's going on.

10 MS. SARKIN: -- what's going on?

11 DR. REEDE: Yes, it is, ma'am.

12 MS. SARKIN: Okay, this seems to be more
13 expanded than --

14 DR. REEDE: Yes, because these slides
15 are limited as to how much I can put on there.

16 (Laughter.)

17 MS. SARKIN: Okay, just --

18 DR. REEDE: And I hadn't gotten
19 permission for travel until I produced that.

20 MS. SARKIN: Okay, just checking.

21 HEARING OFFICER FAY: Yes, the staff's
22 official position to date is in their issue
23 identification report. However, that's a nice
24 segue to my last announcement, I hope, and that is
25 that the Committee will be issuing, in the next

1 few days really, an order setting forth much of
2 the schedule in this case. Perhaps not until the
3 final decision, but most of the events that will
4 happen from now on.

5 And we will certainly take into account
6 the recommendation of the staff; and we will send
7 this out to all the parties in the case and the
8 proof of service list, which is the mailing list.

9 If you have any questions as to what the
10 Committee decided, whether it matches the staff's
11 schedule or not, you can contact the Public
12 Adviser's Office and they can just fax you or tell
13 you what the answer is.

14 MR. THOMPSON: Website?

15 HEARING OFFICER FAY: The website -- Dr.
16 Reede.

17 DR. REEDE: Yes. I can read the website
18 very quickly. There's also copies of it out on
19 the --

20 HEARING OFFICER FAY: It's on the
21 notice.

22 DR. REEDE: I might also add that once I
23 give you the website information you can go onto
24 the website, and it's called the list serve. It
25 will be in your lower left-hand corner. Type in

1 your email address. All of the documents in this
2 case will get put on our website the day I get
3 them. Okay.

4 You will instantly be notified that
5 there's a new document. You'll be sent an email
6 that there's a new document on this website. Read
7 it. You'll get a lot of information.

8 Also, I beg of you to please sign in on
9 the sign-in sheets and put an email address and a
10 mailing address. Because that's how we put
11 together our general mailing list. And we send
12 out notices of all the workshops and all the
13 hearings to everybody on that general mailing
14 list. So that's two of the methods that can help
15 you get the information that we're trying to make
16 sure that you have at your avail.

17 Okay, the website is [www.energy.ca.gov/](http://www.energy.ca.gov/sitingcases)
18 [sitingcases](http://www.energy.ca.gov/sitingcases), one word, s-i-t-i-n-g-c-a-s-e-s/
19 riverside. And it's in the handout from my
20 PowerPoint --

21 HEARING OFFICER FAY: It's also on this
22 one-page flyer.

23 DR. REEDE: -- on the next -- well, the
24 fourth page.

25 HEARING OFFICER FAY: If you have any

1 questions what that address is, check with the
2 Public Adviser or pick up one of these one-page
3 flyers.

4 It's also in Spanish on the back of the
5 flyer. Although the website address is still the
6 same.

7 (Laughter.)

8 HEARING OFFICER FAY: Okay. I want to
9 thank everybody for your participation and the
10 fine presentations by the staff and the applicant.
11 We appreciate everybody coming today and learning
12 about the project.

13 If some questions occur to you later,
14 please contact our Public Adviser or Dr. Reede,
15 the Project Manager for the staff. And they'll be
16 sure that you get the answer you need.

17 Any final comments, Commissioners?

18 PRESIDING MEMBER PFANNENSTIEL: No.

19 HEARING OFFICER FAY: Okay. Thank you
20 all for coming. We're adjourned.

21 (Whereupon, at 4:36 p.m., the hearing
22 was adjourned.)

23 --o0o--

CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Hearing; that it was thereafter
transcribed into typewriting.

I further certify that I am not of
counsel or attorney for any of the parties to said
hearing, nor in any way interested in outcome of
said hearing.

IN WITNESS WHEREOF, I have hereunto set
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